

Mutual Energy Limited
ASSET OVERSIGHT COMMITTEE
TERMS OF REFERENCE

Reference to the “Company” shall mean Mutual Energy Limited
Reference to the “Committee” shall mean Asset Oversight Committee
Reference to the “Board” shall mean the full Board of Directors of the Company

1. Membership

1.1 The Committee shall be appointed by the Board and shall comprise a minimum of three members, at least one of whom shall be a Non-Executive Director.

1.2 The person or persons with management responsibility for operation and maintenance shall be in attendance.

1.3 The Board shall appoint the Committee Chairman.

1.4 The Committee shall appoint a Secretary.

1.5 The Chairman may co-opt an ‘expert’ or ‘experts’ to provide specific complementary competence to assist the Committee as necessary.

2. Quorum

2.1 The quorum necessary for the transaction of business shall be 2, one of whom should be a Non-Executive Director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.

3. Frequency of Meetings

3.1 The Committee shall meet at least 3 times per annum to co-ordinate with the Audit Committee meetings of the Company and as determined by the Chairman of the Committee.

4. Notice of Meetings

4.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman of the Committee.

4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and relevant associated papers as per agenda, shall be forwarded to each member of the Committee, and any other person required to attend no fewer than 4 working days prior to the date of the Meeting.

5 Minutes of Meetings

5.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

5.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

5.3 Minutes of Committee meeting shall be circulated promptly to all members of the Committee and to the Chairman and all members of the Audit Committee.

6. Annual General Meeting

6.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any stakeholder questions on the Committee's activities.

7. Roles and responsibilities

Risk Management

7.1 The Committee has been delegated responsibility for challenge and review of asset related risks on the company strategic risk register.

7.2 Key risk management responsibilities of the Asset Oversight Committee include:

- Reviewing and challenging the Asset related risks as captured on the Strategic Risk Register, on an annual basis at an interval approximately 6 months from the board review, and escalating any material risks or significant changes in the Strategic Risk profile to the Audit and Risk Committee;
- Monitoring and challenging any asset related risks allocated by the SMT specific to Asset related risks; and
- Monitoring and challenging any remedial action plans relating to incidents, near misses or control gaps for Asset related risks;

Asset related policies and plans

7.3 The operation of the business is the responsibility of the executive directors of the Company. The Committee has been delegated the task for challenge and review of the following key documents

- Health and Safety Policy
- Health and Safety annual plan
- Security policy
- Annual Security Plan
- Emergency response plan
- Environmental Policy

- Annual Environmental Management plan
- Iso 55001 policies
- Strategic Asset Management plan (from ISO55001)

Compliance and assurance

7.4 The committee shall keep under review the company's internal control systems that identify, assess, manage and monitor risks associated with the operation of the company's' assets.

7.5 Specifically the committee shall:

- review the Plan for Health, Safety and Environmental audits
- review the outcome of Health, Safety and Environmental audits
- review the Health, Safety and Environmental performance
- review the Plan for IT security penetration testing and audits
- review the outcome of IT security penetration testing and audits
- review of Security matters and performance, and progress against the Security Plan
- review any assessments of testing of the emergency response plan
- review audits on the ISO55001 framework

7.6 The committee will provide a regular summary report of its work in this area to the Audit and Risk Committee.

Company Reporting

7.7 The Committee shall provide a review of the work done by the Committee throughout the year for inclusion in the Annual report.

7.8 The committee shall review and challenge where necessary:

- the clarity of disclosure in the company's financial reports in relation to internal control, risk management and the viability statement insofar as they relate to the work done by the Committee; and
- all material information presented with the financial statements, such as the strategic report and the corporate governance statement insofar as it relates to the areas of risk management delegated to the Committee.

Other matters

7.9 The Board or Audit and Risk Committee may delegate other matters to the Committee on an ad hoc basis, and will define the reporting required as part of the delegation.

7.10 The Operations Director may request the Committee to give a view on material items which include a large element of judgement.

Committee Performance

7.11 The Committee shall, on a regular basis but not less than annually, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

8. Committee interface with the board and other committees

8.1 The Committee will interface with the Health and Safety Committee and the Environment Committee as and when required to carry out its duties.

8.2 After each meeting the Committee will issue a report to the Audit and Risk Committee summarising how it has discharged its duties in relation to the items delegated to it in respect of risk management, the framework of controls related to assets, and the related compliance and assurance work.

8.3 All serious incidents, potential criminal prosecutions, potentially serious near misses and any other matters of appropriate significance shall be reported to the first available Board meeting, with details of follow up action.

8.4 The Committee will review the annual plans listed in 7.3 above and performance against these plans. The committee will provide an annual summary report of its conclusions to the board.

9. Authority

9.1 Subject to any restrictions imposed by law, the Committee is authorised to seek any information it requires from any Employee of the Company and its subsidiaries in order to perform its duties.

9.2 The Committee shall be entitled to call any member of staff to be present at a meeting of the Committee or as and when required.

9.3 The Committee is authorised to obtain, at the Company's expense and after consultation with the Chairman, outside legal or other professional advice on any matters within its terms of reference.

9.4 The Committee shall be entitled to sub delegate all or any of the powers and authorities delegated to it as they feel fit.